GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:292
ANSWERED ON:11.08.2000
FDI IN TEA COFFEE AND TELECOM SECTOR
DILEEP SANGHANI;MOINUL HASSAN AHAMED

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Group of Ministers have recommended the clearance of the proposal to permit 100 percent Foreign Direct Investments in Telecom, Tea, Coffee and Rubber Plantation sector;

(b) if so, whether the Government have accepted the recommendations;

(c) if so, the details thereof and the reasons for allowing 100 percent FDI in these sectors;

(d) whether all the earlier conditions like repatriation of dividends, etc. on MNCs have been removed;

(e) if so, the details thereof alongwith the reasons therefore;

(f) whether country`s interest waskept in mind while taking such decision; and
g) if so, the details thereof?

Answer

THE MINISTER OF COMMERCE & INDUSTRY(SHRI MURASOLI MARAN)

(a) to (g) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.292 FOR ANSWER ON 11.8.2000

(a) to (c) : The Group of Ministers (GOM) constituted to review the existing sectoral policies and equity caps pertaining to FDI meets periodically to deliberate upon various aspects of the subject. Its recommendations are considered by the Government and policy changes announced after decisions are taken. The GOM has recommended consideration of FDI upto 100% in tea and coffee plantations subject inter-alia to the condition that 26% of the equity would be devested in favour of Indian partners/public in five years. FDI upto 100% has also been recommended for certain value added activities in the telecom sector. No decision has been taken regarding these recommendations by the Government.

(d) to (g) : The requirement to balance outflow on account of dividends by export earnings during the first seven years of commercial production by 22 categories of companies engaged in manufacture of consumer goods, has been removed from 14.7.2000 with prospective effect. This decision was taken as the condition of dividend balancing was perceived as a hindrance to FDI flows into the country.